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SUBJECT: FISCAL MONITORING CHAIRMAN REPORTS PROGRESS WITH GNU AND GOSS

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PROGRESS IN DEALING WITH FINANCE MINISTRY

¶1. (U) In contrast to his October 24, 2007 briefing for the Assessment and Evaluation Commission (AEC) (reftel), Fiscal and Financial Allocation and Monitoring Commission (FFAMC) Chairman Mohammed Osman Ibrahim told Poloff on March 13 that he is now optimistic on cooperation with the Ministry of Finance. He said the FFAMC has worked out a draft protocol for cooperation with the Ministry of Finance. While the agreement had stalled with the last Finance Minister (the incompetent Al-Zubeir) Ibrahim anticipates increased coordination with the new Finance Minister, Awad Ahmed Al Jaz. Referring to a previous discussion about the campaign watchwords of U.S. presidential candidate Barack Obama, he smiled and said, "Let us wish for hope and change!"

SOUTHERN STATES WELCOME COOPERATION

¶2. (U) PolOff invited Ibrahim to brief the AEC as it prepares its Mid-Term Evaluation of the CPA process, and Ibrahim tentatively accepted for the third week of April. Poloff predicted that the NCP would question Ibrahim about the level of cooperation the FFAMC is receiving from the GOSS. Ibrahim said that his office has good working relations with the Government of Southern Sudan (GoSS) and that his staff had just returned from presenting a technical training workshop in Juba for officials from the finance ministries of the various southern states. (Note: At the last meeting of the Wealth Sharing Working Group, or WSWG, the NCP characterized Dr. Ibrahim as having complained of a lack of cooperation from the GOSS. In fact, Dr. Ibrahim had seemed much more concerned by stonewalling from the GNU Finance Ministry. End note.)

SOUTHERN STATES WANT BIGGER SLICE OF THE PIE

¶3. (U) Dr. Ibrahim noted that Southern state finance officials were "astonished" to learn that the Southern States do not receive the same percentage of income from the GOSS as northern states receive from the Khartoum government. Under terms of the CPA, he said, the southern states receive a total of nine percent of the funds distributed by Khartoum to the GoSS. In contrast, the northern states receive 33 percent of the funds retained by the Khartoum government. This revelation provoked complaints from Southern state officials that they were being treated unfairly, he said, despite that fact that this is stipulated in the CPA. (Comment: Lack of understanding of the CPA is nothing new, and the different allocations to state governments in the South versus the North presumably were negotiated this way due to the relative capacity of state governments to spend the money. End comment.)

Comment

14. (SBU) We look forward to Dr. Ibrahim's appearance before the AEC Plenary. Based on his previous experience, we expect he will give a candid and objective view of the levels of cooperation and the quality of the information his agency is receiving. His testimony will be an important part of the AEC's Mid-Term Evaluation document, to be presented to the Sudanese Presidency by July 9, since the FFAMC is one of the key institutions providing transparency to the CPA process. Embassy Khartoum will be drafting the report on evaluation of Wealth Sharing.

FERNANDEZ